



DEPARTMENT OF AGRICULTURE

Rural Housing Service

7 CFR Part 3550

[Docket No. RHS-22-SFH-0016]

Single Family Housing Section 504 Repair Pilot

AGENCY: Rural Housing Service, USDA.

ACTION: Notification of waivers.

SUMMARY: The Rural Housing Service (RHS or the Agency), a Rural Development agency of the United States Department of Agriculture (USDA), is issuing this document to waive two regulatory requirements for the Section 504 Direct Single Family Housing Loans and Grants (DSFHLG) pilot program. The Agency's intention is to evaluate the existing regulations and remove regulatory barriers to assist eligible applicants with improved ease of use for very low-income homeowners seeking to repair or rehabilitate their homes. This document briefly discusses the new waivers and provides contact information for additional details about the pilot program.

DATES: The effective date of the two regulatory waivers is [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]. The duration of the pilot program is anticipated to continue until July 8, 2024, at which time the RHS may extend the pilot program (with or without modifications) or terminate it depending on the workload and resources needed to administer the program, feedback from the public, and the effectiveness of the program. If the pilot program is extended or terminated, the RHS will notify the public.

FOR FURTHER INFORMATION CONTACT: Anthony Williams, Management and Program Analyst, Special Programs, Single Family Housing Direct Loan Division, Rural Development, U.S. Department of Agriculture, Email: anthonyl.williams@usda.gov; Phone: (202) 720-9649.

SUPPLEMENTARY INFORMATION:

Authority:

Title V, Section 504 of the Housing Act of 1949, as amended; 42 U.S.C. 1474.

Background

The RHS offers a variety of programs to build or improve housing and essential community facilities in rural areas. The Agency offer loans, grants, and loan guarantees for single- and multifamily housing, child-care centers, fire and police stations, hospitals, libraries, nursing homes, schools, first responder vehicles and equipment, housing for farm laborers, and much more. RHS also provides technical assistance loans and grants in partnership with non-profit organizations, Indian tribes, state and Federal government agencies, and local communities.

The RHS Single Family Housing Direct Loans and Grants Program (SFHDLGP) Division implements the Section 504 loan/grant program under 7 CFR part 3550 with the objective to assist very low-income owner occupants of modest single-family homes in rural areas repair or rehabilitate their homes. Loan funds are available for repairs to improve or modernize a home, make it safer or more sanitary, or remove health and safety hazards. The eligibility requirements, as described in 7 CFR 3550.103, states that homeowner must be unable to obtain affordable credit elsewhere at reasonable terms and conditions, but must demonstrate a reasonable ability to repay the Section 504 loan. For homeowners 62 years old and over who cannot obtain a loan, grant funds are available to correct health or safety hazards, or remodel dwellings to make them accessible to a household member with a disability.

RHS may authorize limited demonstration programs to test new approaches to offering housing under the statutory authority granted to the Secretary, as set forth in 7 CFR 3550.7. Such demonstration programs may not be consistent with some of the provisions contained in this part. However, any program requirements that are statutory will remain in effect.

In 2019, the Agency initiated the Section 504 pilot program to evaluate existing regulations and remove regulatory barriers to assist very low-income homeowners seeking to repair or rehabilitate their homes. The pilot program has been successful in creating additional opportunities and greater accessibility for eligible applicants. All but two of the waived regulatory requirements were included in the Direct Single Family Loans and Grants Programs final rule (87 FR 6761), which became effective on March 9, 2022.

Continuation of Sec. 504 Pilot Regulatory Waivers

The Agency is continuing the Section 504 Pilot Program with the two waivers that were not included in the final rule (87 FR 6761) published on February 7, 2021. The Agency plans to further evaluate and test these waivers with the intention that, if successful, it will codify them into 7 CFR part 3550 to be applied program wide.

The first waiver is that pilot applicants are not subject to the site requirement outlined in 7 CFR 3550.105(b) which states that the site must not be large enough to be subdivided into more than one site under existing local zoning ordinances. While pilot applicants can have subdividable sites, their homes must meet the other property standards found in 7 CFR 3550.106(a).

The second waiver is that pilot applicants are not subject to the same threshold outlined in 7 CFR 3550.111 which requires an appraisal when the Section 504 debt to be secured exceeds \$15,000 or whenever the Agency determines that an appraisal is necessary to establish the adequacy of the security. A “subject to repairs” appraisal and appraisal fee will be required when the assessed valuation by local authorities does not support a fully secured interest by the Agency, or when the sum of all secured (RD or non-RD) indebtedness including the proposed repair loan, exceeds \$25,000.

Eligibility Requirements

Eligible participants in the Section 504 program must abide by the statutory requirements set forth in 7 CFR part 3550. The following twenty-three (23) States and U.S. Territories are

selected to provide wide geographic and historic production variation for the pilot: California, Hawaii, Illinois, Indiana, Iowa, Kentucky, Maine, Michigan, Mississippi, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, South Carolina, Texas, Tennessee, Virginia, Washington, and West Virginia. If an existing borrower in a pilot state qualifies for a subsequent loan or grant, the pilot conditions can apply to the subsequent request as appropriate. Non-pilot states may request case-by-case administrative waivers (if justified) that mirror the allowances in the pilot.

Paperwork Reduction Act

The regulatory waivers for this pilot contains no new reporting or recordkeeping burdens under Office of Management and Budget (OMB) control number 0575-0179 that would require approval under the Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35).

Non-Discrimination Statement

In accordance with Federal civil rights laws and USDA civil rights regulations and policies, the USDA, its Mission Areas, agencies, staff offices, employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs).

Remedies and complaint filing deadlines vary by program or incident.

Program information may be made available in languages other than English. Persons with disabilities who require alternative means of communication to obtain program information (e.g., Braille, large print, audiotope, American Sign Language) should contact the responsible Mission Area, agency, or staff office; the USDA TARGET Center at (202) 720-2600 (voice and TTY); or the Federal Relay Service at (800) 877-8339.

To file a program discrimination complaint, a complainant should complete a Form AD-3027, *USDA Program Discrimination Complaint Form*, which can be obtained online at https://www.ascr.usda.gov/complaint_filing_cust.html, from any USDA office, by calling (866) 632-9992, or by writing a letter addressed to USDA. The letter must contain the complainant's name, address, telephone number, and a written description of the alleged discriminatory action in sufficient detail to inform the Assistant Secretary for Civil Rights (ASCR) about the nature and date of an alleged civil rights violation. The completed AD-3027 form or letter must be submitted to USDA by:

(1) Mail: U.S. Department of Agriculture

Office of the Assistant Secretary for Civil Rights

1400 Independence Avenue, SW

Washington, D.C. 20250-9410; or

(2) Fax: (833) 256-1665 or (202) 690-7442; or

(3) Email: Program.Intake@usda.gov.

Joaquin Altoro,

Administrator,

Rural Housing Service.

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